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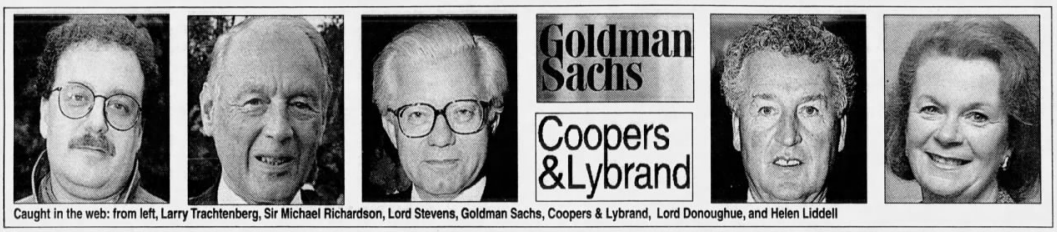
THE MAXWELL REPORT



Caught in the web: from left, Larry Trachtenberg, Sir Michael Richardson, Lord Stevens, Goldman Sachs, Coopers & Lybrand, Lord Donoughue, and Helen Liddell

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criticised for failing to be sufficiently thorough in its review of Clifford Chance's work.

Titmuss Sainer: the legal firm which gave advice to Maxwell in the days before his death when banks were threatening to destroy his empire. Lawyer Dick Russell actually prepared a formal letter disclosing Maxwell's appropriation of shares, but he did not deliver it to the merchant bankers masterminding the flotation. The firm went on to provide a legal opinion for merchant bank Morgan Stanley that supported Maxwell's right to pledge pension fund shares as collateral for personal loans.

Lehman Brothers: merchant bank, not directly involved in the MGN flotation, but understood to be mildly criticised in the report for its role in receiving money from pension funds which was used to prop up other Maxwell companies.

Ashurst Morris Crisp: the law firm which had worked for Maxwell knew he had "borrowed" investment trust shares to raise loans for his indebted business. The leaked draft report said partners in the firm gave vague information to the Stock Exchange. They did not tell other regulators what they knew and suspected of his plundering of pension funds.

WHO ELSE IS IN THE FRAME

Salomon Brothers International: acted as underwriters to the overseas part of the flotation. Now part of the Citigroup US banking and insurance group, bankers at the firm are expected to face mild criticism.

London Stock Exchange: responsible for setting and enforcing the rules under which companies may obtain a stock market listing. Will be criticised for lack of vigilance.

Imro: the Government pensions watchdog will be criticised for "cosmetic" supervision of the Maxwell companies after approving LBI as a manager of pension funds. Among the regulators was **David Corsan**, a former Coopers & Lybrand auditor of Maxwell's companies, who later became a trustee of a Maxwell charity and director of two Maxwell companies. He did not mention the conflict of interest.

Lord Stevens Of Ludgate: the former Express newspapers publisher was also chairman of Invesco MIM, formerly Montagu Investment Management, an investment company that managed some of Maxwell's pension fund shares. Leaked draft of the DTI report said Stevens was formally told by an Invesco executive that share certificates of Mirror Group pension funds had been handed to the Maxwells without any security.

Lord Walker: former Tory Welsh Secretary and Energy Secretary. Worked alongside Maxwell in the months before his empire disintegrated. In 1990, he began discussions with a view to becoming non-executive chairman of Maxwell's publicly quoted MCC company but the relationship broke down and he left MCC in 1991 after six months, with a £500,000 payoff and car. The report is not expected to make any criticism of him.

Helen Liddell MP: former corporate director of Mirror Group Newspapers in Scotland. After becoming a Labour MP, has had a succession of ministerial posts, including Economic Secretary to the Treasury with responsibility for firms that had mis-sold personal pensions. Became Secretary of State for Scotland in January of this year. Regarded as Maxwell's right-hand woman but expected to be given clean bill of health by the report.

Geoffrey Robinson: Labour former Paymaster General, was linked with several Maxwell firms and it has been claimed he failed to register directorships of several. Audited accounts of one firm, Hollis Industries, showed he had received chairman's "emoluments" of £200,000, which Robinson denied, blaming an error in the accounts — an explanation accepted during an investigation by MPs. He will also get a clean bill of health.

Lord Williams Of Elvel: as a merchant banker at **Ansbacher**, he became Maxwell's banker when he bought the Mirror Group. Labour's deputy leader in the Lords after the pension scandal, he earned big money as a non-executive director of Mirror Group Newspapers until the year after Maxwell's death. His role was to sound warnings of anything untoward in the running of the company, but he appeared unaware of anything amiss.

Sir Robert Clark: non-executive director of Mirror Group, one of the few to insist on fair play in the boardroom when other directors agreed to let Maxwell and his son Ian take decisions alone. Maxwell senior simply ran roughshod over his opposition and increasingly engineered massive loans without a word to the rest of the board.

Why did the report take so long?

By Ross Davies

QUESTION: why does it take two men nine years and over £8 million to produce one report into Robert Maxwell, but takes one man less than a quarter of that time to produce two?

Answer: because the two men are a lawyer and an accountant on the public payroll, where time is no problem, while the one man is independent author Tom Bower, who took just nine months to research and write his 503-page The Outsider, and a year for the 478-page Final Verdict.

The Department of Trade and Industry report into the collapse of Maxwell's empire is likely to run to 700 pages, was commissioned in June 1992 and will appear 10 years after Maxwell's death.

It is the work of Sir John Thomas, a QC who became a High Court judge during the course of his inquiry, and Raymond Turner, a partner in City accountants Mazars Neville Russell.

So far, their report has cost more than £8 million. Exactly how much of this is taken up by their fees is unknown. The DTI would only say today: "The inspectors, who are independent of the DTI, are compensated for their time."

Politicians, both Labour and Tory, have been in no hurry for the inspectors to report, fuelling speculation that the general view is it would be convenient all round if Maxwell's son Kevin and other former Maxwell company directors could take the rap.

This would take the heat off the accountants, bankers, lawyers — and politicians — who profited from Maxwell's charmed life and convenient death, while pensioners were being robbed.

The reason inspectors have taken such a time is that two court cases got in the way.

One was the 1996 £10 million criminal trial which acquitted Maxwell's sons Kevin and Ian, and an adviser, Larry Trachtenberg, of fraud. The other was a civil case in which the three were found to have misled banks and misappropriated shares to prop up Maxwell companies.

Having been acquitted, Kevin Maxwell subsequently refused to submit to the inspectors' questioning.

Whether their official report will be value for taxpayers' money depends upon how much they tell us that Tom Bower hasn't already.

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